

Selling Your Home - Appraisals & Market Value

What is the difference between market value and appraised value?

The appraised value of a house is a certified appraiser's opinion of the worth of a home at a given point in time. Lenders require appraisals as part of the loan application process; fees range from \$200 to \$300. Market value is what price the house will bring at a given point in time. A comparative market analysis is an informal estimate of market value, based on sales of comparable properties, performed by a real estate agent or broker. Either an appraisal or a comparative market analysis is the most accurate way to determine what your home is worth.

What's a house worth?

A home ultimately is worth what someone will pay for it. Everything else is an estimate of value. To determine a property's value, most people turn to either an appraisal or a comparative market analysis. An appraisal is a certified appraiser's estimate of the value of a home at a given point in time. Appraisers consider square footage, construction quality, design, floor plan, neighborhood and availability of transportation, shopping and schools. Appraisers also take lot size, topography, view and landscaping into account. Most appraisals cost about \$300. A comparative market analysis is a real estate broker's or agent's informal estimate of a home's market value, based on sales of comparable homes in a neighborhood. Most agents will give you a comparative market analysis for free. You can do your own cost comparison by looking up recent sales of comparable properties in public records. These records are available at local recorder or assessor offices, through private real estate information companies or on the Internet.

How is a home's value determined?

You have several ways to determine the value of a home. An appraisal is a professional estimate of a property's market value, based on recent sales of comparable properties, location, square footage and construction quality. This service varies in cost depending on the price of the home. On average, an appraisal costs about \$300 for a \$250,000 house. A comparative market analysis is an informal estimate of market value performed by a real estate agent based on similar sales and property attributes. Most agents offer free analyses in the hopes of winning your business. You also can get a comparable sales report for a fee from private companies that specialize in real estate data or find comparable sales information available on various real estate Internet sites.

What standards do appraisers use to estimate value?

Appraisers use several factors when estimating a home's value, including the home's size and square footage, the condition of the home and neighborhood, comparable local sales, any pertinent historical information, sales performance and indices that forecast future value. For detailed information on appraisal standards, contact the Appraisal Institute at 200 W. Madison, Suite 1500, Chicago, IL 60606, 7 a.m. - 5 p.m. CT; 888-7JOINAI (756-4624).